GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1706
ANSWERED ON:14.03.2002
PRICES PAID BY ONGC/OIL ON GAS PRODUCTION
VILAS BABURAO MUTTEMWAR

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether public sector oil companies viz., ONGC and OIL are paid comparatively lower prices than the gas produced and supplied by them vis-a-vis the price paid for the gas produced by the company in the private sector;

(b) if so, the reasons for disparity in prices;

(c) whether the Government propose to review the price structure so as to being parity therein;

(d) the prevailing global price of natural gas and the existing price of domestic gas;

(e) whether the Government have also examined the impact of the revised price structure on the bulk consumers of the natural gas like NTPC etc.; and

(f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS AND MINISTER OF STATE IN THE MINIS PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a) Yes, Sir.

(b) While the prices for natural gas produced by Oil & Natural Gas Corporation Limited (ONGC) and Oil India Limited (OIL) ar determined on a net back of the prevailing consumer prices, which are indexed to a basket of international fuel oil prices, the prices for gas produced by the private sector companies are governed by the respective Production Sharing Contracts.

(c) As per the Government decision of September 1997, the natural gas prices for consumers are to be revised so as to achieve 100% parity with the international fuel oil prices by the year 2001-02.

(d) While the global prices of natural gas vary from country to country, the consumer price of domestic natural gas is Rs.2,850 per thousand cubic meter (MCM) at 10,000 kilo calories.However, the gas price for North East consumers is Rs.1,700/MCM at 10,000 kilo calories

(e) & (f) The contemplated revision in the consumers prices of natural gas will have a uniform effect on all the consumers including NTPC etc.